

83  
H.R. 4400, THE POSTAL INSPECTION SERVICE AND  
INSPECTOR GENERAL ACT

---

Y 4.P 84/10:103-46

H.R. 4400, The Postal Inspection Se...

HEARING  
BEFORE THE  
SUBCOMMITTEE ON  
POSTAL OPERATIONS AND SERVICES  
OF THE  
COMMITTEE ON  
POST OFFICE AND CIVIL SERVICE  
HOUSE OF REPRESENTATIVES  
ONE HUNDRED THIRD CONGRESS

SECOND SESSION

JUNE 15, 1994

Serial No. 103-46

Printed for the use of the Committee on Post Office and Civil Service



U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1994

81-705 - .

---

For sale by the U.S. Government Printing Office  
Superintendent of Documents, Congressional Sales Office, Washington, DC 20402  
ISBN 0-16-045889-7



83  
H.R. 4400, THE POSTAL INSPECTION SERVICE AND  
INSPECTOR GENERAL ACT

---

Y 4. P 84/10:103-46

H.R. 4400, The Postal Inspection Se...

HEARING  
BEFORE THE  
SUBCOMMITTEE ON  
POSTAL OPERATIONS AND SERVICES  
OF THE  
COMMITTEE ON  
POST OFFICE AND CIVIL SERVICE  
HOUSE OF REPRESENTATIVES  
ONE HUNDRED THIRD CONGRESS

SECOND SESSION

---

JUNE 15, 1994

---

Serial No. 103-46

---

Printed for the use of the Committee on Post Office and Civil Service



U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1994

81-705 =

For sale by the U.S. Government Printing Office  
Superintendent of Documents, Congressional Sales Office, Washington, DC 20402

ISBN 0-16-045889-7

## COMMITTEE ON POST OFFICE AND CIVIL SERVICE

WILLIAM L. CLAY, Missouri, *Chairman*

PATRICIA SCHROEDER, Colorado  
FRANK McCLOSKEY, Indiana  
GARY L. ACKERMAN, New York  
THOMAS C. SAWYER, Ohio  
PAUL E. KANJORSKI, Pennsylvania  
ELEANOR HOLMES NORTON, District of  
Columbia  
BARBARA-ROSE COLLINS, Michigan  
LESLIE L. BYRNE, Virginia  
MELVIN L. WATT, North Carolina  
ALBERT RUSSELL WYNN, Maryland  
GREG LAUGHLIN, Texas  
SANFORD D. BISHOP, Jr., Georgia  
SHERROD BROWN, Ohio  
ALCEE L. HASTINGS, Florida

JOHN T. MYERS, Indiana  
BENJAMIN A. GILMAN, New York  
DON YOUNG, Alaska  
DAN BURTON, Indiana  
CONSTANCE A. MORELLA, Maryland  
THOMAS J. RIDGE, Pennsylvania  
THOMAS E. PETRI, Wisconsin  
SHERWOOD L. BOEHLERT, New York  
(Vacancy)

GAIL E. WEISS, *Staff Director*

ROBERT E. LOCKHART, *General Counsel*

DORIS MOORE-GLENN, *Deputy Staff Director*

JOSEPH A. FISHER, *Minority Staff Director*

---

## SUBCOMMITTEE ON POSTAL OPERATIONS AND SERVICES

BARBARA-ROSE COLLINS, Michigan, *Chair*

MELVIN L. WATT, North Carolina  
SANFORD D. BISHOP, Jr., Georgia

DON YOUNG, Alaska  
BENJAMIN A. GILMAN, New York

MEREDITH COOPER, *Subcommittee Staff Director*

# CONTENTS

---

	Page
Hearing held in Washington, DC, June 15, 1994 .....	1
Statement of:	
Alvarado, Susan, Governor, U.S. Postal Service .....	3
Biller, Moe, president, American Postal Workers Union, AFL-CIO.....	14
Brian, Danielle, director, Project on Government Oversight .....	19
Del Polito, Gene, executive director, Advertising Mail Marketing Association .....	18
Prepared statements, letters, supplemental materials, et cetera:	
Alvarado, Susan, Governor, U.S. Postal Service, prepared statement of.....	5
Biller, Moe, president, American Postal Workers Union, AFL-CIO, prepared statement of .....	16
Brian, Danielle, director, Project on Government Oversight, prepared statement of.....	20
Del Polito, Gene, executive director, Advertising Mail Marketing Association, prepared statement of .....	18
Denton, Neal, executive director, Alliance of Nonprofit Mailers, prepared statement of.....	21
Quinn, William H., president, National Postal Mail Handlers Union, letter from.....	13



# H.R. 4400, THE POSTAL INSPECTION SERVICE AND INSPECTOR GENERAL ACT

---

WEDNESDAY, JUNE 15, 1994

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON POSTAL OPERATIONS AND SERVICES,  
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,  
*Washington, DC.*

The subcommittee met, pursuant to call, at 2 p.m., in room 311, Cannon House Office Building, Hon. Barbara-Rose Collins (chair of the subcommittee) presiding.

Members present: Representatives Collins, Bishop, Clay, and Gilman.

Miss COLLINS. Good afternoon. The Subcommittee on Postal Operations and Services hearing is now in order.

This hearing is on H.R. 4400, the Postal Inspection Service and Inspector General Act.

Chairman Clay and other distinguished members of the Committee on Post Office and Civil Service should be commended for recognizing the need to curtail the U.S. Postal Service from engaging in the practice of hiring paid informants, specifically convicted felons, in its narcotic trafficking enforcement operations.

Practically, many of the unprofessional sting operations conducted by the Postal Inspection Service has practically destroyed the lives of many innocent people, including honest, dedicated, and hard-working postal employees.

H.R. 4400, the measure we are considering today, hopefully will address these aggrieved acts and make the U.S. Postal Service more accountable for their actions.

Currently the Postal Service is the sole reviewer of their actions. However, recently the Postal Service has experienced major problems in all phases of its management and operations.

H.R. 4400 will provide an independent review of those management operations. Therefore, H.R. 4400, introduced by Chairman Clay, would essentially accomplish three objectives.

One, create an independent Inspector General for the Postal Service, with oversight for all Inspection Service activities.

Two, limit the Postal Service from hiring paid confidential informants during the course of drug sting investigations.

And three, allow for the Postal Board of Governors to function similar to a corporate board of directors by requiring the Board and not the Postmaster General to appoint all Postal Service officers.

As it has often been said, those who do not learn from past mistakes may be condemned to repeat them. If we fail to take action now, we will probably be so condemned. Therefore, H.R. 4400 is worthy of support from all of us who are interested in a more efficient and effective U.S. Postal Service.

We are very honored to have the Chairman and the sponsor of the bill with us today. And so I will call on Chairman Clay for any remarks.

Mr. CLAY. Thank you, Madam Chair.

Let me take this opportunity to thank you for conducting this hearing on this very important and significant piece of legislation. H.R. 4400, the Postal Inspection Service and Inspector General's Act, its primary purpose is the establishment of an independent Inspector General for the Service.

Today the Postal Service lacks such an independent Inspector General. Currently the chief inspector is the Postal Service's chief law enforcement officer, his chief and primary responsibility is the security of personnel, facilities and the investigation of postal crimes. He is also given the additional role of performing Inspector General functions. Although he performs Inspector General duties, he is the chief inspector, not an Inspector General.

As a result of this unique situation, this agency's investigative responsibility is much broader than that of any other person who is an Inspector General. It is the only office performing Inspector General duties that also investigates physical crimes and threats against employees. Other agencies rely upon the agency management to control illegal drug use, and when necessary, refer cases to local law enforcement agencies or to the U.S. Drug Enforcement Administration.

The Postal Service rotates its inspectors between audit and investigative functions. There is no definitive division between the Inspection Service's I.G. function and its management program function.

Other agency I.G.'s maintain separate audit and investigative functions, and have no management program authority. The Inspection Service also recruits experienced staff from the Postal Service while other I.G.s maintain their independence by recruiting from outside of their agency.

An independent I.G. is mandated to conduct independent audits and review. There is no independent review of Postal Service programs. The Postal Service reviews itself. An independent I.G. at the Service would have found the systematic problems with the Inspection Service's drug enforcement program, where felons paid by the Inspection Service have been allowed to ruin the lives of innocent employees for the past 10 years.

The problems with the Postal Service's contracting procedures may have been uncovered by an independent I.G. The Service may have avoided an injunction on the \$1 million air contract. It may have avoided the embarrassment of having paid out an outrageous \$7.5 million profit to a St. Louis real estate company, which eventually the realtor was convicted the fraud in that transaction.

The Postal Service may never have purchased a virtually useless and expensive piece of land in Queens, NY if an independent I.G. had reviewed the procurement process. In Chicago, an I.G. would

have prevented the disastrous service failure 10 years earlier. He or she could have prevented a single manager from requesting and approving a \$200,000 private office renovation.

An independent I.G. would have advised the Postmaster General and the Board of Governors that its automation program wasn't being properly implemented nor producing the affected savings.

Madam Chairperson, the lack of independent review has proven costly to mailers, postal employees, and the American public. H.R. 4400 removes those actual and perceived problems. This legislation additionally prevents the Service from using paid confidential informers in drug investigations.

This committee found that Postal Inspectors are not equipped to oversee these investigations. Experts at DEA should run these investigations, if they are needed at all.

So I am very happy, Madam Chairperson, that you have decided to give hearing to this bill, and I hope that you would expeditiously mark up the bill and send it to full committee so that we can legislate on it in the House before the end of this session.

Miss COLLINS. Thank you very much, Mr. Chairman.

This committee will hold the hearings. We have four witnesses, Ms. Susan Alvarado, Governor, U.S. Postal Service; Moe Biller, president, American Postal Workers Union, AFL-CIO; Gene Del Polito, executive director, Advertising Mail Marketing Association; and Daniel Brian, director, Project on Government Oversight.

As soon as this hearing is completed, this committee will adjourn and we will immediately convene the subcommittee for a markup session on this bill. Therefore, I would like to ask all of the witnesses, would you please summarize your remarks and keep them to 5 minutes, and we may have some questions for you or we may not have some questions for you.

So at this time I would like Susan Alvarado, Governor, U.S. Postal Service, to proceed. Thank you.

#### STATEMENT OF SUSAN ALVARADO, GOVERNOR, U.S. POSTAL SERVICE

Ms. ALVARADO. Thank you, Madam Chairwoman.

I am Susan Alvarado, Governor of the U.S. Postal Service. I have been on the Board for 6 years, having been appointed in July 1988. My term expires in December 1996.

There are currently 10 members on the Board, 8 Governors, the Postmaster General, and the Deputy Postmaster General, but because the Governors are spread from California to New York, I am here today alone to address H.R. 4400. My statement represents a consensus of the Governors' views. We wish to comment on several provisions of the bill.

As we understand H.R. 4400, it would make the Inspector General of the Postal Service a Presidential appointee, confirmed by the Senate, and subject to removal by the President. The internal audit and program review activities of the Postal Inspection Service would be transferred to the Office of Inspector General, which would also have oversight responsibility for all activities of the Postal Inspection Service, including internal investigations.

Presently, pursuant to the Inspector General Act of 1978, as amended in 1988, the Chief Postal Inspector is also the Inspector General of the Postal Service.

In a 1993 draft report, two former Inspectors General of Federal agencies conducted an in-depth review of the operation of the Postal Inspection Service and the integration of the duties and responsibilities of the Inspector General with those of the Chief Postal Inspector. The former Inspectors General concluded that our Office of Inspector General should remain within the Postal Inspection Service.

In January 1994, after much discussion, the consensus of the Board of Governors was that the Office of Inspector General should stay within the Postal Inspection Service. This ensures professional skill and appearance in one authority to do criminal audit investigations and fight internal waste and fraud without interfering overlap that could result otherwise if there were two offices of investigation.

The Board of Governors needs to have a force of Postal Inspectors answerable to the Board through the Chief Postal Inspector that the Board can assign to do specific jobs, such as the ongoing reports we receive weekly on mail service in Chicago. Also, it is not clear where the Office of Inspector General would get qualified people to give oversight of criminal investigations. That responsibility is not now vested in the Inspectors General throughout the Federal Government by the Inspector General Act that I referred to in the previous paragraph.

A separate Office of Postal Inspector General: One, would create an additional tier of management and would pose the problem as to who would provide oversight of the Office of Inspector General;

Two, would raise the possibility that program review and law enforcement in the Postal Service could become subject to political influence;

Three, could result in wasteful duplication of resources;

Four, could result in a substantial reduction in the number of qualified law enforcement personnel available to prevent workplace violence should positions now in the Inspection Service be eliminated as audit functions are taken over by the Inspector General who could staff with auditors lacking law enforcement experience;

Five, would create confusion in the minds of our employees and outside people as to which organization they should bring information of possible illegal activities by postal employees or others to; and

Six, would possibly promote inefficiency and jurisdictional disputes in cases where those responsibilities overlapped.

The Board of Governors does not support the provision for a separate Office of Inspector General. The enactment of this legislation at this critical time could seriously interfere with our ability to oversee the operations of the Postal Service.

The Postal Inspection Service is the primary source of the Board of Governors for information concerning service and financial conditions throughout the country. The Governors and postal management could be handicapped by disruption of information which would likely result from a reorganization of the Postal Inspection

Service and the establishment and staffing of a new Office of Inspector General.

H.R. 4400 would also require the Board of Governors to appoint or to remove all officers of the Postal Service.

We are not unanimous in support of this proposal. A majority of the Governors, however, feel that this could improve the flow of information to the Governors by giving officers a personal stake in the depth of their presentations to the Board. While we support this provision, we do want the flexibility to delegate this authority if necessary.

Finally, H.R. 4400 would forbid the Postal Service from using a paid confidential informant in any investigation related to controlled substances, unless the unlawful use of the mails was involved. The Postal Service would report semiannually to Congress concerning any investigation in which a paid informant was used and which results in the arrest of one or more individuals for violation of such laws.

At the oversight hearings before the House Post Office and Civil Service Committee last week, Sam Winters, Chairman of the Board, testified that it is imperative that we keep drugs away from the workplace. Presently, the Postal Inspection Service conducts internal drug investigations under a 1989 memorandum of understanding between the Attorney General and the Postal Service which delineates the sharing procedures between the DEA and the Postal Inspection Service. Chairman Winters has instructed the Chief Postal Inspector to take immediate steps to revisit this matter with DEA.

We look upon entrapment of employees as an abuse of investigatory powers, and were outraged by what occurred in Cleveland in 1990 to 1992, activities by the Postal Inspection Service well-known to this committee.

But the use of informants is one of the most effective weapons against drug abuse, when properly used, and whatever agency, DEA, FBI, or others, that may be given this responsibility to conduct drug investigations must not be precluded by law from using paid informants. The Postal Inspection Service is no longer using convicted felons as paid informants in new investigations that may be initiated.

Thank you very much, Madam Chairwoman. That concludes my statement.

[The prepared statement of Ms. Alvarado follows:]

PREPARED STATEMENT OF SUSAN ALVARADO, GOVERNOR, U.S. POSTAL SERVICE

Thank you, Madame Chairwoman. I am Susan Alvarado, a Governor of the United States Postal Service. I have been on the Board for nearly six years, having been appointed in July 1988. My term expires in December 1996.

There are currently ten members on the Board, eight Governors, the Postmaster General and the Deputy Postmaster General, but because the Governors are spread from California to New York, I am here today, alone, to address H.R. 4400. My statement represents a consensus of the Governors' views. We wish to comment on several provisions of the bill.

As we understand the bill, H.R. 4400 would make the Inspector General of the Postal Service a presidential appointee, confirmed by the Senate, and subject to removal by the President. The internal audit and program review activities of the Postal Inspection Service would be transferred to the Office of Inspector General, which would also have oversight responsibility for all activities of the Postal Inspec-

tion Service, including internal investigations. Presently, pursuant to the Inspector General Act of 1978, as amended in 1988, the Chief Postal Inspector is also the Inspector General of the Postal Service.

In a 1993 draft report, two former Inspectors General of Federal agencies conducted an in-depth review of the operation of the Postal Inspection Service and the integration of the duties and responsibilities of the Inspector General with those of the Chief Postal Inspector. The former Inspectors General concluded that our Office of Inspector General should remain within the Postal Inspection Service.

In January 1994, after much discussion, the consensus of the Board of Governors was that the Office of Inspector General should stay within the Postal Inspection Service. This insures professional skill and experience in one authority to do criminal audit investigations and fight internal waste and fraud without interfering overlap that could otherwise result if there were two offices of investigation.

The Board of Governors needs to have a force of postal inspectors answerable to the Board through the Chief Postal Inspector that the Board can assign to do specific jobs, such as the ongoing reports we receive weekly on mail service in Chicago. Also, it is not clear where the Office of Inspector General would get qualified people to give oversight of criminal investigations. That responsibility is not now vested in the Inspectors General throughout the Federal Government by the Inspector General Act.

A separate Office of Postal Inspector General would

- 1) create an additional tier of management and would pose the problem as to who would provide oversight of the Office of Inspector General;
- 2) raise the possibility that program review and law enforcement in the Postal Service could become subject to political influence;
- 3) result in wasteful duplication of resources;
- 4) could result in a substantial reduction in the number of qualified law enforcement personnel available to prevent work place violence should positions now in the Inspection Service be eliminated as audit functions are taken over by the Inspector General who could staff with auditors lacking law enforcement experience;
- 5) would create confusion in the minds of our employees and outside people as to which organization they should bring information of possible illegal activities by postal employees or others; and
- 6) possibly promote inefficiency and jurisdictional disputes in cases where those responsibilities overlapped.

The Board of Governors does not support the provision for a separate Office of Inspector General. The enactment of this legislation at this critical time could seriously interfere with our ability to oversee the operations of the Postal Service. The Postal Inspection Service is a primary source for the Board of Governors of information concerning service and financial conditions throughout the country. The Governors and postal management could be handicapped by disruption of information which would likely result from a reorganization of the Postal Inspection Service and the establishment and staffing of a new Office of Inspector General.

H.R. 4400 would also require the Board of Governors to appoint or to remove all officers of the Postal Service.

We are not unanimous in support of this proposal. A majority of the Governors, however, feel that this could improve the flow of information to the Governors by giving officers a personal stake in the depth of their presentations to the Board. While we support this provision, we do want the flexibility to delegate this authority.

Finally, H.R. 4400 would forbid the Postal Service from using a paid confidential informant in any investigation related to controlled substances, unless the unlawful use of the mails was involved. The Postal Service would report semiannually to Congress concerning any investigation in which a paid informant was used and which results in the arrest of one or more individuals for violation of any law relating to controlled substances.

At the oversight hearings before the full House Post Office and Civil Service Committee last week, Sam Winters, Chairman of the Board, testified that it is imperative that we keep drugs away from the work place in the Postal Service and that the responsibility for internal Postal Service drug investigations could be given to the Drug Enforcement Agency (DEA) or the Federal Bureau of Investigation (FBI) or any other law enforcement agency that the Congress prefers. Presently, the Postal Inspection Service conducts internal drug investigations under a 1989 "Memorandum of Understanding" between the Attorney General and the Postal Service which delineates the sharing procedures between the DEA and the Postal Inspection Service. Chairman Winters has instructed the Chief Postal Inspector to take immediate steps to revisit this matter with DEA.

We look upon entrapment of employees as an abuse of investigatory powers and were outraged by what occurred in Cleveland in 1990-1992, activities by the Postal Inspection Service well known to this committee.

But the use of informants is one of the most effective weapons against drug abuse, when properly used, and whatever agency, DEA, FBI or others, that may be given this responsibility to conduct drug investigations must not be precluded by law from using paid informants. The Postal Inspection Service is no longer using convicted felons as paid informants in new investigations that may be initiated.

Thank you very much, Madam Chairwoman. That concludes my statement.

Miss COLLINS. Thank you, Governor.

We have a vote, however, I have a few questions for you, so I will ask half of the questions now for you to answer. Then I will go vote and come back with the remainder.

The consultants' report on which the Board relies for its position states that the Postmaster General must do everything possible to strengthen the chief inspector's independence. You state you need to have a force of Postal Inspectors answerable to the Board, to the Chief Postal Inspector that the Board can assign to do specific jobs.

How does this strengthen or provide any independence for the chief inspector?

Ms. ALVARADO. Well, the law as it is currently written requires that the Chief Postal Inspector has to be appointed by the PMG in concert with the Board, as I have read the law. And that in and of itself would require the Board to have input into what goes on and to try to maintain the ability to influence ongoing investigations of poor mail service, for example, in Chicago and others that I alluded to.

But the independence of these Postal Inspectors, I guess it depends on the purview of your question. If you are referring to the criminal investigation function or the audit function, or both, but if you are referring to criminal investigations, he operates in an independent fashion, and if he is operating, he or she is not, they have the Board to answer to, and we can help remove him from that position. But that keeps him independent.

Miss COLLINS. Well, that does not keep him independent, if he answers to the Board that appointed him——

Ms. ALVARADO. He doesn't answer to the Board. He is selected, Madam Chairwoman, in concert with the Postmaster General and the Board.

Miss COLLINS. And who does he answer to?

Ms. ALVARADO. He answers to the Postmaster General who answers to us.

Miss COLLINS. So how does that give him independence? If you answer to the person who appointed you, and you are investigating that person's operation, why would it give you independence to have that same person appoint you rather than some outside entity?

Ms. ALVARADO. I guess I think it provides that independence because if it was just the Chief Postal Inspector reporting to the Postmaster General——

Miss COLLINS. You think the Board being included——

Ms. ALVARADO. Yes, ma'am.

Miss COLLINS. The Departments of Justice, Treasury, Defense, Labor, HHS and Commerce, among others, have independent in-

spectors general. Are you stating that these inspectors general have disrupted the functioning of the Government?

Ms. ALVARADO. No, not at all.

Miss COLLINS. Then why would an independent Inspector General be more disruptive for the U.S. Postal Service?

Ms. ALVARADO. I think at the time that we are facing, Madam Chairwoman, in this critical time of poor mail service and restructuring fallout, and all the things happening at the moment, I think that the Board of Governors would be more amenable to the Office of Inspector General as an independent operating individual if we didn't face this crisis situation. But you and I both know—well, I know from having been through the process of Presidential confirmation that if this legislation were to go through, it could take perhaps a long time to get nominated, then confirmed. And we just can't have this function operating in a never-never land at a critical time in our history.

Miss COLLINS. So your only problem with the disruption is the process, not that to have an independent I.G. would be disruptive, but the fact that the confirmation would take a long time?

Ms. ALVARADO. Well, that is one reason. Another reason is it would be disruptive in the sense that employees are going to be ensure who have to go to, instead of going to the Chief Postal Inspector, if they are told of criminal activities or an audit problem or something, they are going to be confused as to what the chain of command might be, and, you know, of course, this is something that could be educated, but—

Miss COLLINS. All right. You also think it would be disruptive for the employees to know who to go to for criminal complaints.

Ms. ALVARADO. Yes, because the Chief Postal Inspector was created by legislation, and we would just be changing the legislation. I am sure they could be educated otherwise.

Miss COLLINS. You state that an independent Inspector General may subject law enforcement activities at the U.S. Postal Service to political pressure. Do you contend having an independent Inspector General for the Departments of Labor, HHS, and Treasury, who do extensive law enforcement work, has put undue political pressure on their law enforcement activities?

Ms. ALVARADO. No, I don't.

Miss COLLINS. Then why do you think the U.S. Postal Service is different, should be different?

Ms. ALVARADO. I think the history of the U.S. Postal Service has been a very political one in the past. Of course, legislation to turn that around has changed all that, but not to the extent that it isn't still within the purview of political influence. I don't think we are at that moment where we can say it is perfectly and clearly free of political influence.

Miss COLLINS. You are saying the Postal Service is not good, but don't rock the boat because you may make it work?

Ms. ALVARADO. No, I am not saying that at all.

Miss COLLINS. You said it is such a rocky position now, and that if you disrupted it before it got its act together, if it had its act together, we wouldn't have to disrupt it and create change.

Ms. ALVARADO. That is what we are doing on the Board of Governors, ma'am. We are trying to correct those things. It is just the

timing is not the best for legislation of this nature. But you have to remember that we agree on two out of three provisions of the bill.

Miss COLLINS. On the report which the Board relies, it states that the chief inspector should immediately establish an Office of Compliance and Quality Assurance, which is required of inspectors general. Wouldn't the Chief Inspector General establish such an office?

Ms. ALVARADO. In the event there is not an Inspector General, independent Inspector General, is that what the question is?

Miss COLLINS. The report that the Board relies on states that the chief inspector should immediately establish an office.

Ms. ALVARADO. Oh, yes.

Miss COLLINS. Has he done that?

Ms. ALVARADO. I don't know the answer to that. I have to check.

Miss COLLINS. If he has not, why not?

Ms. ALVARADO. I don't know the answer to that, but I will certainly get you that.

Miss COLLINS. Do you have anybody from the Office of Quality and Compliance Assurance?

Ms. ALVARADO. We have quality assurance, but I don't know about comprehensive compliance or compliance. I will have to get you that in writing, Madam Chairwoman.

Miss COLLINS. All right, then. I just have two more questions and I will do those when I come back.

Thank you very much. The subcommittee on Postal Services and operations hearing is now recessed.

[Recess.]

Miss COLLINS. The Subcommittee on Postal Operations and Services hearing on H.R. 4400 is back in session.

We have been joined by Congressman Sanford Bishop from Georgia, and after I complete my questions, we will allow him an opening statement.

I am going to have go very quickly. We ended the open rule, which means there could be a vote in 5 minutes.

Ms. ALVARADO. Madam Chairwoman, before you proceed, at some point, either for the record or on the record, may I clarify what I stated in response to your question on quality—comprehensive quality assurance?

Miss COLLINS. Do you have it in writing?

Ms. ALVARADO. Yes. Well, I do have it in writing.

Miss COLLINS. I would rather you submit it, since we are on such a tight track.

Ms. ALVARADO. Yes, ma'am.

[The information referred to follows:]

The Postal Inspection Service established a Quality Assurance Review function in 1993. The concept of the program resulted from a review of Inspector General operations and from benchmarking on internal review procedures of the Federal Bureau of Investigation and the Secret Service. The program provides for an intensive review of the operations of each field division and Headquarters units at least every three years. The field divisions are also required to conduct self-assessments of their operations every year. the Quality Assurance Review function assures, among other things, that the procedures the divisions are to follow in employee drug investigations are being followed. In addition, within the Postal Inspection Service there is an Internal Affairs Division which investigates allegations of impropriety on the part of Postal Inspectors.

Miss COLLINS. You state that an independent Inspector General would create duplication. And I want to see how much duplication would be created. So please respond to the following questions.

Innocent employee's lives were ruined by the Inspection Service and drug stings over a 10-year period. Why did not a chief inspector uncover this abuse?

Two: The Inspection Service failed to follow standard police procedures concerning paid confidential informants for over 10 years. Did the chief inspector report on this improper procedure?

Three: The multi-billion dollar automation program repeatedly has failed to produce expected savings. What has the chief inspector done to alert the Governors of the savings shortfall and to suggest improvements?

Four: Has the chief inspector evaluated the effectiveness of the 1992 U.S. Postal Service reorganization which had to be changed just yesterday?

And finally, USPS procedures allow high-level managers not only to request procurements such as office renovations but also to approve their own requests. Why wasn't the chief inspector reporting on this flawed procedure?

Do you want me to repeat them for you?

Ms. ALVARADO. Please.

Miss COLLINS. OK. The first one of the innocent employee's lives were ruined by the Inspection Service and drug stings over a 10-year period. Why did not the Chief Inspector uncover this abuse?

Ms. ALVARADO. Madam Chairwoman, I can't impress upon you the degree of outrage, as I stated earlier, and disappointment and dissatisfaction and frankly sorrow over what happened to those individuals on the part of the Board. I am here myself personally, but nothing I can say can undo the unfortunate situation that affected their lives and their families and everybody else.

But I will tell you this, that I feel as a result—I am very concerned as a member of the Board, and speaking for the entire Board, we are all concerned about the fact that this was not uncovered by the Chief Postal Inspector, that it had to come from either news reports or congressional inquiry or elsewhere.

And—

Miss COLLINS. It might have come from an independent Inspector General, maybe.

We are all sorry that it happened, but the question is, why did not the chief inspector uncover the abuse over a 10-year period when everyone else uncovered the abuse? And your answer is, you can't answer that, although you are very sorry about what occurred.

Ms. ALVARADO. I can't answer it but we can correct it.

Miss COLLINS. The second question is that the Inspection Service failed to follow standard police procedures concerning paid confidential informants for over 10 years. Did the chief inspector report on this improper procedure?

Ms. ALVARADO. After the fact, yes. But not before the fact. But it is important to also let you know that we are no longer using paid informants, except on those investigations that are ongoing. But we are not initiating any new ones and using paid informants. We agree that is not a very good procedure to follow.

Miss COLLINS. All right, Governor. So that means the chief inspector did not report on this improper procedure, because he had never investigated it until it was brought to his attention by congressional hearings.

Three: The multi-billion dollar automation program repeatedly has failed to produce expected savings. What has the chief inspector done to alert the Governors of the savings shortfall and to suggest improvements?

Ms. ALVARADO. Well, I can tell you that he has reported to us. I am a member of the audit committee, and we have been receiving lately very detailed and comprehensive reports about automation.

Miss COLLINS. He did alert you?

Ms. ALVARADO. Yes.

Miss COLLINS. When?

Ms. ALVARADO. As I said, lately. Probably within the last 3 months. We don't talk about automation in every Board meeting. We talk about the entire policy outline for the Postal Service. And sometimes we get to specific areas like automation and then we get a full report.

Miss COLLINS. When did the multi-billion dollar automation program begin?

Ms. ALVARADO. Before my time on the Board, I assume. That was 1988.

Miss COLLINS. So in 6 years, he has reported to you in the last 2 months?

Ms. ALVARADO. Only for me as a member of the audit committee. This is my first year.

Miss COLLINS. I understand. But you were on the Board.

Ms. ALVARADO. Oh, yes, I am on the Board.

Miss COLLINS. And only in the last 2 months has he suggested improvements?

Ms. ALVARADO. Oh, yes. Definitely.

Miss COLLINS. All that in the last 2 months.

Ms. ALVARADO. Three months.

Miss COLLINS. Three months. Five years is 60 months, is that right? Sixty months. OK. Better late than never.

Has the chief inspector evaluated the effectiveness of the 1992 USPS reorganization which had to be changed yesterday? Just yes or no.

Ms. ALVARADO. Not to my knowledge, no.

Miss COLLINS. U.S. Postal Service procedures allow high-level managers not only to request procurements such as office renovations but also to approve their own requests. Why wasn't the chief inspector reporting on 24 flawed procedure?

Ms. ALVARADO. The answer to that, Madam Chairwoman, there is no good answer for that, and that policy has changed, and it changed as a result of us going to the—the Board going to Chicago and seeing it for ourselves. Otherwise, we wouldn't have even known about it until somebody discovered it on down the line.

Miss COLLINS. Well, all of your answers, it seems that you would agree with us that we need an independent Inspector General.

The final question is, H.R. 4400 prohibits only the U.S. Postal Service from using paid confidential informants in drug investiga-

tions, not the FBI or the DEA, for example. And those law enforcement agencies may conduct drug investigations on postal property.

Does that allay your concerns about narcotic enforcement procedures?

Ms. ALVARADO. No. No, that does not.

Miss COLLINS. Well, these are trained agencies, trained in——

Ms. ALVARADO. It is probably better than the Postal Inspection Service doing it. I don't mean to laugh about it.

Miss COLLINS. It is better for them to do it and they have destroyed all the lives that came before this committee.

Ms. ALVARADO. You are talking about the FBI and the DEA.

Miss COLLINS. It is better for them to do it?

Ms. ALVARADO. Yes.

Miss COLLINS. So you don't mind if we stop the Postal Inspectors from using——

Ms. ALVARADO. That is correct. We agree with you. Yes, ma'am.

Miss COLLINS. I think you agree with me on all of them.

Ms. ALVARADO. Not everything.

Miss COLLINS. But anyway, I want to thank you very much.

And at this time I would like to ask Congressman Bishop from Georgia if he has any comments to make.

Mr. BISHOP. Thank you very much, Madam Chair.

I would first of all like to commend the Chair for holding hearings on this, what I consider to be a very, very important piece of legislation, H.R. 4400. It is, of course, designed to require establishment of an independent Inspector General for the Postal Service, which in my opinion is needed.

I have cosponsored this legislation with Chairman Clay, and I would suggest that if we had an independent I.G. at the Postal Service, perhaps we would have found the systematic problems with the Inspection Service with the drug enforcement program. If we had had the independent I.G. at the Postal Service, the contracting procedures may have been uncovered much earlier.

The injunction on the billion dollar contract for—air contract may have been avoided. Embarrassment of the \$7.5 million profit to the St. Louis real estate firm. The purchase of what has been called a virtually useless and inexpensive piece of property in Queens, New York, may have been avoided. The service problems in Chicago. The renovations of a private office at a cost of \$200,000 could have been avoided.

I understand that perhaps the bill will need to have some fine tuning, and I have read the testimony of Mr. Moe Biller, who has some concerns he has raised about the possible impact on collective bargaining. I think that we will appropriately look at those and examine those very carefully.

Hopefully we will be able to resolve any problems there. But I think ultimately the purpose and the intent of the bill is good. I think it will be a good government piece of legislation.

And I want to applaud the Chairman, Mr. Clay, and the Chairwoman, Ms. Collins, for bringing this legislation forth. I am happy to be a cosponsor of it.

Miss COLLINS. I thank you very much, Mr. Bishop.

We are going to recess shortly and come back. We have three more witnesses, and then I will adjourn this hearing and reconvene the subcommittee for purposes of a markup.

At this time, the Chair is very pleased to recognize Congressman Benjamin Gilman from New York.

Mr. GILMAN. Thank you, Madam Chair.

I appreciate your holding this hearing on this important issue. I know the measure addresses an issue with which our good full committee Chairman, Bill Clay, and yourself are seriously concerned.

I want to welcome our witness who is here today, express my appreciation for the willingness to give us your expertise.

However, I must say, setting aside my concern over another level of bureaucracy at the Postal Service, that I do have reservations about giving the authority to hire and fire career senior postal officers to the Board. And I will look over your testimony quite closely about your thoughts.

First, I believe it is unnecessary. We have seen this week the Board can exert this kind of pressure through the Postmaster General when it is warranted.

Further, it would allow a politically appointed, politically motivated Board to exert a political influence into the practical management of the U.S. Postal Service. And I believe that was exactly what the Postal Reorganization Act of 1970 was destined to avoid.

I question the effect a politically appointed general counsel would have on the contract proposal. It was approved by a majority of the Governors, even though the cost of management might not be appropriate for the business of the Postal Service.

That is one example of why this kind of a measure concerns me. I bring this up now in the hopes that before we bring the measure to the full committee for consideration, the Members of our committee and our staffs can work out a provision to make certain that political consideration knots be present in the hiring of postal executives. I look forward to working with our colleagues and with Madam Chair to achieve that goal.

Thank you, Madam Chair.

Miss COLLINS. Thank you very much.

Governor, I want to say that I very much appreciate you coming to this hearing. You are one of the most conscientious and hard-working Governors whom I have met on the Board. So I hope you do not take my adversarial role personally. Personally I respect you highly and I commend you for coming, and I thank you very much.

Ms. ALVARADO. Thank you very much, Madam Chairwoman.

Miss COLLINS. Before I call on the next witness, the Chair has a letter from the National Postal Mail Handlers Union, President William H. Quinn, and his letter will be entered into the record supporting H.R. 4400.

[The letter of Mr. William H. Quinn follows:]

NATIONAL POSTAL MAIL HANDLERS UNION,  
WASHINGTON, DC,  
June 14, 1994.

The Honorable Barbara-Rose Collins  
*Chairperson, Subcommittee on Postal Operations and Services*  
*U.S. House of Representatives*  
*Washington, DC 20515*

DEAR REPRESENTATIVE COLLINS: We are writing on behalf of more than 50,000 current and retired members of the National Postal Mail Handlers Union to offer our support for H.R. 4400, the Postal Inspection Service and Inspector General Act. It is our understanding the H.R. 4400 will be the subject of hearings on June 15, 1994 before the Committee on Post Office and Civil Service, and we request that this letter be made a part of the official record of those hearings.

The primary focus of H.R. 4400 is to reform and control the Postal Inspection Service, an objective which the National Postal Mail Handlers Union enthusiastically applauds. There is no question that the Postal Inspection Service often has been guilty of trampling upon the rights of postal employees. The recent situation in Cleveland, Ohio—where postal inspectors conducted an out-of-control, rouge operation using paid informants to break up a nonexistent drug ring—is just the latest example of an inspection service run amok. The results of these and other actions are often a tragedy for employees, who may be wrongfully accused of illegal action and may suffer through excruciating turmoil and humiliation.

For these and other reasons, the National Postal Mail Handlers Union fully supports those aspects of H.R. 4400 that would prohibit the use of paid informants by the Postal Inspection Service to investigate the use of controlled substances unless the investigation involved illegal use of the mails. This would be one small step—but a very important step—toward eliminating the abuse that is inflicted upon postal employees by an unfettered and unsupervised Postal Inspection Service.

With regard to the other provisions included in H.R. 4400—specifically those that would establish an independent Inspector General under the aegis of the Inspector General Act of 1978—we do have some concerns about the relationship between those provisions and continuation of productive collective bargaining between the Postal Service and the various postal unions, including our own. For example, we are concerned that the complaint procedure that is set forth in Section 7 of the Inspector General Act may be inconsistent with the exclusive grievance and arbitration provisions of our collective bargaining agreement, and that the confidentiality provisions included in the Inspector General Act also may interfere in the bargaining and contract administration processes. Please be assured, however, that representatives of the National Postal Mail Handlers Union are prepared to work with your committee staff to ensure that H.R. 4400 can be amended so that it does not have any adverse consequences for collective bargaining by postal employees.

Thank you for the opportunity to comment on this important piece of legislation.  
Respectfully yours,

WILLIAM H. QUINN,  
*National President.*

MARK A. GARDNER,  
*National Secretary-Treasurer.*

Miss COLLINS. Our next witness will be Mr. Moe Biller, president of the American Postal Workers Union, AFL-CIO.

Mr. Biller, you don't have to come forward now, because I am going to recess and go over to vote. So this committee will be recessed at this point and I will resume when I come back.

[Recess.]

Miss COLLINS. The Subcommittee on Postal Operations and Services is reconvened.

At this time I would like to welcome the distinguished President of the American Postal Workers Union, Mr. Moe Biller. And again, to extend my apologies.

Mr. Biller, we will ask you to summarize your remarks to 5 minutes, if you please, in the interests of time. I hope I won't have to interrupt you by leaving again.

**STATEMENT OF MOE BILLER, PRESIDENT, AMERICAN POSTAL  
WORKERS UNION, AFL-CIO**

Mr. BILLER. My name is Moe Biller. Beside me is Executive Vice President William Burrus, and on my left is Legislative Director Roy Braunstein.

I am president of the American Postal Workers Union. On behalf of the 360,000 active and retired APWU members, I thank you for inviting me to testify today and give you our union's views on H.R. 4400.

APWU indicated support last month for H.R. 4400. We were going solely by what was indicated in Chairman Clay's "Dear Colleague letter." We thought it only addressed the drug sting operations and other Inspection Service abuses and would create an independent Inspector General for the Postal Service.

We were not made aware of the rest of the bill's contents until after the May 17 hearing. It is kind of a little embarrassing to have to say that. I kind of feel like the Lone Ranger here today.

I really have the greatest respect, Madam Chair, for you, the members of the committee, and the Chairman. But I am kind of a little confused. But I will live through it. We are the only labor union here today.

Be that as it may, I don't see any point in really reading my testimony. Just suffice to say that much of it, firstly, is in terms of the Inspection Service. Let's be very, very clear where we stand. The Inspection Service has been thoroughly discredited. The rank and file, the different sting operations, you will pardon me, I will refer to them as stink operations. If you ask me to describe that, I can do that. So I have nothing to say about that. But we support that.

I am well aware of its chief intent, to be the curtailment of abuse of power by the Postal Inspection Service such as the wanton disregard for employees' rights, was demonstrated by the infamous postal drug sting operations in recent years in Cleveland and a number of other places.

And I will make it very, very clear that APWU supports that part of the bill. I spent much more time in the written testimony on the problem concerning micromanaging and appointment by the Board of Governors of officers of the Postal Service. As a matter of fact, in today's Federal Times, I read this, but I also had people at the Board of Governors meeting when a new Governor said he wanted the Board to see proposed memos of agreement with unions before they are signed by the two sides.

I would have to assume that he is seriously misinformed as to what takes place. And as a matter of fact, I would hope that he would not be expecting us to bargain collectively with the Board of Governors. He should have understood that when he was asked why the U.S.—when he asked why the U.S. Postal Service brought encoding back in-house, he should have been informed or should have known it was because an independent arbitrator ordered that. And the Postmaster General followed it.

There would be no point in the few minutes I have to read the rest of this testimony. It is on the record. But I want to make you sure where I stand in terms of the Inspection Service. But I am

greatly concerned about micromanaging the Postal Service by people, all officers who would be appointed by a Board of Governors that will cross different political administrations. As you know, they are assigned by political parties, et cetera.

And then when I hear a Governor, member, appointed even by the present administration, which I support, I have nothing to hide here, he wants the Board to see proposed memorandums of agreement with unions before they are signed by the two sides. I don't know, but our vice president can enumerate all the memos of understanding he has signed with management in the past. Those are the areas of concern. And I want to express them because unless you change the law, I have no intention of bargaining with the Board of Governors.

But everybody knows where we stand on the Inspection Service. I want to make that very clear. I kind of feel like the Lone Ranger here today, being the only union representative here, but that is the way it is, so I thank you very much. I am sorry.

[The prepared statement of Mr. Biller follows:]

PREPARED STATEMENT OF MOE BILLER, PRESIDENT, AMERICAN POSTAL WORKERS UNION, AFL-CIO

Madam Chairman and committee members, my name is Moe Biller and I am President of the American Postal Workers Union, AFL-CIO. On behalf of the 360,000 active and retired APWU members, I thank you for inviting me to testify today and give you our union's views on HR 4400.

I want you to know that we are adamantly opposed to a key element of HR 4400, namely the provision transferring from the Postmaster General to the Board of Governors the authority to appoint and remove the General Counsel, all Assistant Postmasters General, the Judicial Officer, and the Chief Postal Inspector. To hamstring the CEO of the Postal corporation by putting the selection of his top staff at the whim of a politically appointed Board would, in our opinion, constitute a complete betrayal of postal reform as envisioned by the Postal Reform Act of 1970.

As you know, the nine Governors are appointed by the President, subject to Senate confirmation, to staggered nine-year terms, with no more than five coming from a single political party. Under the bill, the entire top management will be controlled by and answerable to the Board, not the Postmaster General. Enactment of this provision is extremely unwise and will go a long way toward unravelling the carefully-spun fabric of postal reorganization.

We are especially concerned that our collective bargaining rights could be trampled upon by top postal officials beholden at some future date to an anti-labor Board of Governors appointed by some anti-union administration in the future.

Madam Chairman, I am well aware that the chief intent of HR 4400 is supposed to be curtailment of abuses of power by the Postal Inspection Service, such as the wanton disregard for employees' rights as was demonstrated by the infamous Postal "drug sting operations" in recent years in Cleveland and elsewhere. APWU supports that part of the bill, and we have no problem with the bill's provision for an independent, presidentially appointed Inspector General for the Postal Service. However, if the previously mentioned provisions of HR 4400 which would put the management of the Postal Service directly under the Board of Governors are not removed, we cannot support this bill and we will actively fight against its passage.

The wisdom behind the Postal Reorganization Act (PRA) is that Congress cannot manage the Postal Service. In setting up a Board of Governors which appoints a Postmaster General responsible for running the Service, Congress also understood the the Governors, like corporate directors in the private sector, must avoid micromanagement of the Postal Service's operations. HR 4400 not only shifts the selection of top officials to the Board of Governors but also has them serve at the Board's pleasure; that is, it takes away the Postmaster General's authority to remove them. I cannot see how any business could operate efficiently this way or how any CEO could effectively manage with such a governing structure. Furthermore, vesting the appointment and removal powers in the Board, nine members of which are appointed by the President and confirmed by the Senate, moves the management of the Postal Service one step closer to the political process from which the Postal Service

was to be insulated by the PRA. Congress clearly understood all this when it enacted the PRA. Lest we forget the lessons of the past, please let me review some history.

In the late 1960's, the Post Office Department was falling apart. The Kappel Commission made an in-depth study of the Department, identified many deficiencies and proposed numerous solutions as absolutely necessary for meaningful postal reform:

Management was hamstrung by a myriad of government regulations and bureaucratic procedures. Embracing a corporate model, it was necessary to give top management the power and independence to make necessary changes and to manage within the scope of generally stated policies specified by Congress. The Postmaster General was to function like a corporate CEO with the power to choose his management team. In turn, he was to be held accountable to the board which appointed him for the performance of the postal administration.

It was deemed essential that the postal establishment be removed from politics. The Commission recommended that only an overseeing board be appointed through the political process. The Postmaster General should be appointed by the board and both he and all subordinate officials were to be removed from the political appointment process and insulated from political pressures.

Wages and working conditions were to be determined by collective bargaining as in the private sector, which the Commission sought to emulate.

The debate in Congress was heated, but interrupted by the Postal Strike of 1970. As a direct result of that strike, the present Postal Reorganization Act became law. The only important departure from the Kappel Commission's recommendation was that the Postal Service became an independent establishment in the Executive Branch instead of a government-owned corporation.

The April 16, 1970, Memorandum of Agreement on the Postal Reorganization and Salary Adjustment Act of 1970 between the Nixon Administration and the national postal unions with exclusive recognition notes that the parties jointly supported this legislation, "arrived at through the collective bargaining process" and that "together they will urge the Congress to enact this legislation without change." President Nixon's Message to Congress of the same date transmitting the bill had this to say about the structure of the new Postal Service: "the Post Office would be run by people *whose authority would be commensurate with their responsibilities...*" (emphasis added). It would also "end the system of political patronage" and guard against "a rebirth of partisan politics in the Post Office." President Nixon emphasized: "*The Postmaster General... would be vested with full authority to manage the day-to-day operations of the Postal Service*" (emphasis added). The proposed law would ensure "[c]ontinuity of top management, with the tenure of the Postmaster General on performance and not on politics."

The House Report on the bill which became the PRA noted: "Rarely has any subject received as much careful and intensive consideration by a committee of the Congress... Under the bill, the Postal Service was to be "freed from direct political pressures and endowed with the means of building a truly superior mail service." It sought to eliminate procedures which were "inconsistent with modern management and business practices..." The House Report continued: "Top management must be given authority, consistent with its responsibilities, to provide and efficient and economical postal system." The management structure now in the PRA was considered essential: that the politically appointed Governors would choose the Postmaster General, who in turn would select a Deputy Postmaster General, both of whom would also sit on the Board. Echoing President Nixon's Message to Congress, the Committee stated that "[t]he Postmaster General is responsible for the day-to-day operations of the Postal Service."

Addressing "management structure," the Committee Report said: "The Postal Service is a public service but there is no reason why it cannot be conducted in a businesslike way and every reason why it should be. A prime requisite of conducting any large enterprise in a businesslike way is that reasonable continuity of top management be substantially assured for so long—and only so long—as top management is doing its job well... The tenure of the Postmaster General and Deputy Postmaster General should be comparable to that of the chief executive officer or chief operating officer of any nationwide enterprise in the private sector." Furthermore, the Committee believed that in order to insulate the Postal Service from partisan politics, the Postmaster General must not be appointed by the President or serve in the Cabinet.

It is a matter of record that postal unions were initially skeptical about creating an independent postal corporation, but with some few changes in the Kappel Commission's recommendations and the impetus of the 1970 strike, they were converted. The present structure of the Postal Service has served the public and postal workers

well. A case in point is the recently concluded agreement on the Remote Bar Code System. Postmaster General Runyon had the courage and foresight to buck his own bureaucracy and the political tides touting "privatization" by agreeing to bring that operation back in-house. This was not a give-away by any means: the agreement assures the return-on-investment required to justify the multi-billion-dollar capital expenditure. The change also allows the Postal Service the direct control over its investment and the employees who operate it, which is necessary to the success of the entire project. This also demonstrates Mr. Runyon's confidence in the ability of postal workers to out perform private contract employees.

Obviously, APWU does not agree with everything that every Postmaster General does and says. But the answer to unwise business decisions is to hold the CEO and his management team accountable, not to perform radical surgery on the governing structure of the institution. The same reluctance that the Congress has to amending the Constitution based on individual issues should be employed in amending a fundamental component of the PRA. The present structure was part and parcel of the agreement of between the postal unions and the Nixon Administration which ended the 1970 strike and the intensive and laborious legislative process which followed. This provision of HR 4400 is a step backward in time. I urge the Committee to pass up the temptation to tamper with an institution which, despite its flaws and shortcomings, works and works well.

Again, APWU will oppose HR 4400 if this provision is not removed. We cannot allow the Board of Governors to micro-manage the Postal Service.

I would be happy to answer any questions you, or members of the Committee, might have.

Thank you.

Miss COLLINS. Thank you, Mr. Biller.

Do you think the establishment of an independent Inspector General would be beneficial to postal employees?

Mr. BILLER. I believe so. As I say, as far as I am concerned, the Inspection Service is thoroughly discredited. I have told that to the postmaster and to everybody in the Postal Service I have known. I don't want to be redundant. But I am concerned about the other parts of the bill. I hope it will be tossed out.

Miss COLLINS. I think you answered all of my questions in your testimony, Mr. Biller. I want to thank you very much for condensing your summary. It is a part of the record, and as you may be sure, the Chairman has read it, and I imagine he will be in contact with you.

Mr. BILLER. I hope so. I thank you very much. We have the greatest respect for all of you. But these are the facts of life. Thank you.

Miss COLLINS. And I thank you for your patience.

The next witness is Mr. Gene Del Polito, executive director, Advertising Mail Marketing Association.

#### STATEMENT OF GENE DEL POLITO, EXECUTIVE DIRECTOR, ADVERTISING MAIL MARKETING ASSOCIATION

Mr. DEL POLITO. Madam Chairman, I know you enjoy brevity, so I will be brief.

We have read the proposals that have been set forth in this bill. We view the proposal to create an independent inspector general as well as to make the appointments of officers subject to the review of the Board of Governors as nothing more than an effort to better oversee the Postal Service's stewardship of our Nation's mail system, and we support it.

[The prepared statement of Mr. Del Polito follows:]

PREPARED STATEMENT OF GENE DEL POLITO, EXECUTIVE DIRECTOR, ADVERTISING MAIL  
MARKETING ASSOCIATION

The Advertising Mail Marketing Association (AMMA) appreciates this opportunity to share its views on H.R. 4400. AMMA is a national association of companies and organizations that use or support the use of mail as an advertising, marketing, or fund raising medium.

The very purpose of our businesses is to stimulate the sales of goods and service through both direct sales channels and retail stores. The members of our association depend greatly on the reliable and cost-efficient provision of mail services, and have a great stake in the viability of our nation's postal system. A mail system that functions well supports our efforts to stimulate vital economic growth; a system that is disordered impede, rather than facilitates, the transaction of commerce and the exchange of information and communication.

ON THE CREATION OF AN INDEPENDENT INSPECTOR GENERAL

The proposal to create an independent inspector general for the U.S. Postal Service (USPS) is not unprecedented. In fact, a similar proposal once was advanced by the late chairman of this Committee's postal operations subcommittee, Mickey Leland, and his ranking minority colleague, Frank Horton. We view this proposal as an effort to better oversee the Postal Service's stewardship of our nation's mail system, and we support it.

ON THE APPOINTMENT OF POSTAL CORPORATE OFFICERS

The idea of making the Postal Service's corporate officers subject to appointment by the Postal Service's governing board is far from a novel concept. In fact, in most corporations across America, the appointment of officers is subject to the review and approval of the corporation's board of directors. This provision merely would bring the Postal Service's practice in accord with typical American corporate practice, and we can support it. We appreciate the Committee's solicitation and consideration of our views. We stand ready to assist the members of this Committee in any way we can to ensure the satisfaction of our nation's need for an efficient, reliable, and universal mail service.

Miss COLLINS. I am sorry.

Mr. DEL POLITO. I am through.

Miss COLLINS. Mr. Del Polito, thank you very much for your support.

I don't think that I should belabor that, and in the interests of time, I reiterate to all of you, we are under the 5-minute rule, so we are subject to have to stop for a 15-minute vote any time after 5 minutes. It is just terrible, isn't it? And after we do this, we will have an Inspector General for the U.S. Congress to better organize the way we hold hearings and votes.

Thank you very much for your support.

Our final witness is Danielle Brian, director, Project on Government Oversight.

Ms. Brian, thank you very much for your patience.

STATEMENT OF DANIELLE BRIAN, DIRECTOR, PROJECT ON  
GOVERNMENT OVERSIGHT

Ms. BRIAN. Thank you.

I am here representing the Coalition of Good Government Groups, also known as the G3, which is currently made up of 20 public interest groups and labor unions, including the Project of Government Oversight, the Fund for Constitutional Government, the Government Accountability Project, Public Employees for Environmental Responsibility, and Citizens Against Government Waste. We are committed to making the Government more accountable and more responsive to the people it represents.

We support Chairman Clay's provision of H.R. 4400 requiring a Presidential appointment of the Inspector General of the U.S. Postal Service. We believe that a basic step toward agency accountability is the presence of an effective inspector general's office. This office can only be impartial and thorough in its investigations if the Inspector General is not beholden to the head of the agency.

Not only does the creation of an independent Inspector General's office send an important message to the person in charge of these internal review tasks, it also sends a message to the staff who are performing the audits and reviews. Of course, an independent I.G.'s office does not in any way guarantee impartiality. It is, however, a critical step toward recognizing human nature and the bureaucratic incentives that tend to lead people to say what their boss wants to hear.

We commend the Committee on Post Office and Civil Service for its interest in making the Postal Service more responsive to its employees as well as to the people it serves.

I would like to add, after hearing Governor Alvarado's testimony, that she herself made a very clear case in favor of an independent I.G. As an argument against an independent I.G., she said, the Board of Governors, I quote, "The Board of Governors needs to have a force of postal inspectors answerable to the Board through the Chief Postal Inspector that the Board can assign to do specific jobs."

This is the problem. In order to avoid self-serving results, reviews and audits must not be directed by management. The philosophy behind having an independent I.G. is to prevent the heads of agencies from believing they can direct and assign audits and reviews. Independence would also give the I.G.'s staff an understanding that they do not have to come up with the answers the Board wants to hear.

Thar.k you very much.

[The prepared statement of Ms. Brian follows:]

PREPARED STATEMENT OF DANIELLE BRIAN, DIRECTOR, PROJECT ON GOVERNMENT  
OVERSIGHT

I am here representing the coalition of Good Government Groups, also called the G3, which is currently made up of twenty public interest groups and labor unions, including the Project on Government Oversight, the Fund for Constitutional Government, the Government Accountability Project, Public Employees for Environmental Responsibility and Citizens Against Government Waste. We are committed to making the government more accountable and responsive to the people it represents.

We support Chairman William Clay's provision of HR 4400 requiring a Presidential appointment of the Inspector General of the U.S. Postal Service. The bill will remove all internal audit and review responsibilities from the Chief Postal Inspector, who is appointed by the head of the Agency, the Post Master General. It will create an independent Inspector General's office for the Postal Service, the second largest civilian agency in the government.

We believe that a basic step towards agency accountability is the presence of an effective Inspector General's office. This office can only be impartial and thorough in its investigations if the Inspector General is not beholden to the head of the agency. Not only does the creation of an independent Inspector General's office send an important message to the person in charge of these internal review tasks, it also sends a message to the staff who are performing the audits and reviews.

Of course, an independent I.G.'s office does not in any way guarantee impartiality. It is, however, a critical step towards recognizing human nature and the bureaucratic incentives that tend to lead people to say what their boss wants to hear.

We commend the Committee on Post Office and Civil Service for its interest in making the Postal Service more responsive both to its employees as well as the people it serves.

Miss COLLINS. I thank you very much.

You stated that an independent Inspector General can only be independent when he or she is not beholden to the head of an agency. And I agree with you. Do you have any examples where an Inspector General's independence was compromised because the agency head had appointed him?

Ms. BRIAN. One example I can give you actually refers to the group of I.G.'s that are the military service I.G.s. Below or separate from the Pentagon or DOD I.G., the Army, Navy and Air Force have had their own I.G.'s. There have been so many problems with those I.G.'s essentially representing management such that if a whistleblower would come to them, again and again the I.G. would somehow notify that military person's superior of that person's complaint. We now regularly recommend people not to go to those I.G.'s.

And in fact there has been enough of a problem that there is now a congressional commission that has been established to look into that whole process and maybe eliminating those inspectors general.

Miss COLLINS. Thank you very much.

I wish that our Governor had stayed to hear that. That is a very good example, I believe.

Well, I want to thank you very much for your testimony. And all of our witnesses.

This completes our hearing on H.R. 4400. And this subcommittee hearing is now adjourned.

[Whereupon, at 4:10 p.m., the subcommittee was adjourned.]

[Additional material submitted for the record follows:]

PREPARED STATEMENT OF NEAL DENTON, EXECUTIVE DIRECTOR, ALLIANCE OF  
NONPROFIT MAILERS

We want to join in the chorus of postal customers supporting your important initiatives in H.R. 4400. The time has come to address recent outrageous management decisions made at the Headquarters of the U.S. Postal Service. We believe that your approach will increase the accountability of decision-making at L'Enfant Plaza.

It was not too long ago that the Honorable Mickey Leland, a good friend to the postal community and the late Chairman of the Subcommittee on Postal Operations proposed to create a separate Inspector General for the Postal Service. It was a good idea then—and we believe it is an imperative necessity now. Recent declines in service levels and the inability to control costs displayed by the USPS in Postmaster General Runyon's tenure raise questions that could only be answered truthfully by an independent IG.

We also agree with your assessment at the June 8 hearing of the full Committee that the corporate officers of the USPS should be appointed by the Board of Governors of the Service. This is good common sense and should be opposed by few.

And lastly, the bizarre narcotics investigation fiasco conducted by the Postal Inspection Service in Cleveland serves to underscore the amateur status of their operations. Besides the prevention of the use of paid informants as suggested in your proposed legislation, we sincerely hope that a newly appointed Inspector General will all of the operations of the Inspector Service. Whether it's the strong-arming of postal customers that wish to assure timely overnight delivery of their communications or a small, community-based nonprofit organization that has been threatened with devastating postal deficiency charges—the Postal Inspection Service must be reigned-in before more lives of postal workers or postal customers are damaged.

Mr. Chairman, sometimes government works well. Sometimes it falls far short of our hopes or expectations. For the last two years the U.S. Postal Service has suf-

ferred from faulty leadership. While checks and balances are built into our government to protect citizens from these occurrences—I am concerned that the Board of Governors of the U.S. Postal Service needs help in order to best serve the public. H.R. 4400 builds stronger checks and balances into the postal decision-making process—at a time when we need it the most.

We stand ready to assist you and your staff in this initiative.









BOSTON PUBLIC LIBRARY



3 9999 05982 734 3



ISBN 0-16-045889-7

